

EVZ LIMITED

A.B.N.87 010 550 357

AND CONTROLLED ENTITIES

ANNUAL REPORT

2014

EVZ LIMITED

ANNUAL REPORT 2014

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EVZ LIMITED

CORPORATE DIRECTORY

DIRECTORS

M Findlay	(Non-Executive Chairman)
G Burns	(Non-Executive Director)
R Edgley	(Non-Executive Director)
R Murphy	(Non-Executive Director)

CHIEF EXECUTIVE OFFICER

S Farthing

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

I Wallace

REGISTERED & PRINCIPAL OFFICE

15 Clifford Street
HUNTINGDALE Vic 3166
Telephone: (03) 9545 5288
Facsimile: (03) 9558 9944
Email: corporate@evz.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
452 Johnston Street
ABBOTSFORD Vic 3067
Telephone: 1300 137 328
Facsimile: 1300 137 341

AUDITORS

Crowe Horwath Melbourne
Level 3
799 Springvale Road
MULGRAVE VIC 3170

BANKERS

Commonwealth Bank of Australia

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
(Home Exchange – Melbourne)
ASX Code: EVZ

EVZ LIMITED

DIRECTORS' REPORT

The Directors present their report on the financial statements of the Company and economic entity for the year ended 30 June 2014. In order to comply with the provisions of the Corporations Act, the Directors report as follows:

DIRECTORS

The following persons were Directors of the Company during the financial year and up to the date of this report:

Maxwell FINDLAY
Graham BURNS
Robert EDGLEY
Raelene MURPHY

INFORMATION ON DIRECTORS

Details of the Directors of the Company in office at the date of this report are:

- Maxwell Findlay** Appointed 14 May 2008 – Non-Executive Chairman.
Mr Findlay, age 69, was the Managing Director of Programmed Maintenance Services Limited from 1988 to 2008 and accumulated significant and relevant experience in the strategy, planning, management and marketing of a growing industrial organisation.
- Mr Findlay holds a Bachelor's degree in Economics and is a Fellow of the Australian Institute of Company Directors.
- Mr Findlay is a member of the Audit Committee, Nomination Committee and Remuneration Committee.
- Mr Findlay is also a non-executive Director of Skilled Group Ltd, an ASX listed company.
- Interest in Shares: 1,644,500 ordinary shares
- Graham Burns** Appointed 1 February 2008 – Non-Executive Director.
Mr Burns, age 59, has extensive managerial skills and experience in the property, retail and manufacturing sectors. He is currently the Chief Executive of Hunter Land which is a significant industrial developer in regional New South Wales.
- Mr Burns is Chairman of the Remuneration Committee and a member of the Nomination Committee.
- Interest in Shares: 10,000,000 ordinary shares
- Robert Edgley** Appointed 26 August 2011 – Non-Executive Director.
Mr Edgley, age 49, holds a Bachelor's degree in Economics from Monash University together with a second degree in Japanese language. Mr Edgley's career has been predominantly focused in International Finance and Investment Banking in Australia, the UK and throughout Asia.
- Mr Edgley has significant experience and skills in strategic planning, performance management and marketing and has proven abilities in building businesses.

EVZ LIMITED

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (Continued)

Mr Edgley is a member of the Audit, Remuneration and Nomination Committees.

Mr Edgley is also a non-executive Director of Praemium Limited, an ASX listed company.

Interest in Shares: 3,741,232 ordinary shares.

Raelene Murphy

Appointed 28 September 2012 – Non-Executive Director.

Ms Murphy, age 54, acted as the Interim CEO for EVZ from 10 February 2012 until the commencement of Scott Farthing as Group CEO on 24 September 2012.

Ms Murphy specialises in the provision of management capability for operational, strategic and financial advice. Her background is in managing diverse Groups and financial and operational performance improvement across a number of industry sectors, including building and construction and in the private and public arena.

Ms Murphy has been appointed Chairperson of the Audit Committee and is a member of the Nomination Committee.

Interest in Shares: 42,500 ordinary shares.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' Meetings (including meetings of any committee of Directors) held during the financial year and the number of meetings attended by each Director (whilst they were a Director or Committee member):

DIRECTORS' MEETINGS

Total number of meetings held: 14

	<i>No. Attended</i>	<i>No. Held Whilst a Director</i>
M Findlay – Chairman	14	14
G Burns	13	14
R Edgley	14	14
R Murphy	13	14

REMUNERATION COMMITTEE MEETINGS

Total number of meetings held: 2

	<i>No. Attended</i>	<i>No. Held Whilst a Member</i>
G Burns – Chairman	2	2
M Findlay	2	2
R Edgley	2	2

EVZ LIMITED

DIRECTORS' REPORT

AUDIT COMMITTEE MEETINGS

Total number of meetings held: 2

	<i>No. Attended</i>	<i>No. Held Whilst a Member</i>
R Murphy – Chairperson	2	2
M Findlay	2	2
R Edgley	2	2

There were no meetings of the Nomination Committee held during the year.

COMPANY SECRETARY

The Company Secretary is Ian Wallace. Mr Wallace is a Bachelor of Economics (Hons), and a Chartered Accountant with accounting and company secretarial experience in listed and unlisted companies.

PRINCIPAL ACTIVITIES

The economic entity operates in the energy and engineering services sectors and its principal activities are:

- Design, installation and maintenance of clean energy solutions, base and back-up power generation equipment, communications equipment, marine installations and provision of mobile generation capabilities.
- Design and installation of syfonic roof drainage systems to major buildings including airports, shopping centres and sporting venues throughout Australia and South East Asia.
- Design, manufacture, service and maintenance of large steel tanks for use in the water, petrochemical and chemical industries.
- Design, construction, on-site installation, maintenance and shutdown engineering services to the mining, wood chip, petrochemical, aluminium, glass, cement, defence and agriculture industries.

OPERATING RESULTS

The net loss for the economic entity for the year after income tax expense was \$6,211,495 compared to a net profit after income tax expense in 2013 of \$889,768. The current year net loss includes impairments taken of \$4,630,602.

EVZ Ltd was successful in extending its current banking facilities with the Commonwealth Bank of Australia until 1 October 2015. This extension will allow the Group to continue with its debt reduction strategy and pursue a number of opportunities to their full extent.

Whilst FY2014 was a difficult year for the EVZ Group, a number of important hurdles were overcome which will form the platform for the Group for FY15 and beyond.

The annual EBIT loss was \$1,125k (EBIT loss of \$780k for the six months to 31 December 2013) driven by difficult trading conditions in the Geelong Region and high uncertainty in government policy in relation to carbon tax, energy strategy and gas pricing, which specifically impacted on the rollout of our clean energy strategy. The second half performance was achieved by better performances across all businesses in the Group.

EVZ LIMITED

DIRECTORS' REPORT

The turnaround in the Brockman Engineering business gained momentum in the second half of the year following significant management change, targeted geographic expansion and a restructure of the workforce to underpin profitability going forward. The investment in business development has recently been successful in securing a number of new projects. The total value of these contracts is estimated to be in excess of \$10m, which is expected to contribute to revenue and profit during FY15. In addition, the restructure and marketing of the capabilities of this business is yielding significant contract opportunities in the nationwide storage tank industry. A targeted and modest investment in new equipment in the first quarter of FY15 will also enable significant productivity improvements going forward.

The Syfon business continues to resist difficult trading conditions and has performed to budget expectations for FY14. In addition to its FY14 EBIT result, Syfon enters FY15 with record contracted work-in-hand both in Australia and Asia. This record level of contracts will strongly contribute revenue and profit during the financial year to 30 June 2015. Strategic expansion into Asian markets and holding a dominant position in the Australian market provide a firm base for further growth.

The TSF businesses returned to a positive EBIT for FY14, supported by a strong contribution from its maintenance operation and the rollout of the Melbourne Airport Trigeneration project. This project being delivered by TSF Engineering is progressing to schedule and budget, recently achieving the milestone of all significant plant and equipment having been delivered and installed. Commissioning on the project is expected to commence in the second quarter of FY2015.

The current uncertainty which persists with respect to the Government's position on energy and its pricing has significantly delayed the roll out of the Group's clean energy strategy. The clean energy solutions being offered by TSF have supportable benefits to prospective clients. However, there is a general reluctance to commit to invest in these solutions by the end users until the Federal Government establishes its energy and pricing position. As such TSF continues to face protracted lead times on clean energy opportunities.

Given these prevailing externally driven hurdles which the Group's clean energy strategy is facing, the Directors considered it prudent to impair at 30 June 2014 a number of assets being held in the TSF business. In particular, the carrying value of goodwill in TSF was reduced by \$3.9m. The Directors believe the carrying value of the TSF goodwill at 30 June 2014 is now appropriate given the delayed progress of its clean energy strategy

DIVIDENDS

No dividends were declared or paid during the year.

REVIEW OF ACTIVITIES

During the year under review the Company:

- Continued to roll out its clean energy strategy to targeted clients.
- Faced difficult trading conditions resulting from the prevailing economic conditions which have resulted in delays in the awarding and commencement of contracted work.
- Continued to expand its customer, product and geographic base from an increased investment in business development.

CHANGES IN STATE OF AFFAIRS

There was no change in the state of affairs.

EVZ LIMITED

DIRECTORS' REPORT

SUBSEQUENT EVENTS

There have not been any matters or circumstances, other than those referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years after this financial year.

FUTURE DEVELOPMENTS

The Group will continue its focus on rebuilding the Brockman business and its clean energy solutions strategy.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

SHARE OPTIONS

There are no share options.

ENVIRONMENTAL REGULATION

The economic entity is not subject to any significant environmental regulations under a Commonwealth, State or Territory Law.

INSURANCE OF OFFICERS

During the financial year the Company insured the Directors and Officers of the Company against legal costs that may be brought against the Directors and Officers in their capacity as Officers of the Company. The policy provides for confidentiality with respect to its premium.

NON-AUDIT SERVICES

During the current and prior year there were no non-audit services provided by the Company's auditors.

AUDITORS' INDEPENDENCE DECLARATION

As required under Section 307C of the Corporations Act 2001, EVZ Limited has obtained an Independence Declaration from its auditors, Crowe Horwath. This is included on page 21 of this financial report.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of EVZ Limited and for Key Management Personnel.

Remuneration Policy

The remuneration policy of EVZ Limited has been designed to align Director and Executive remuneration with shareholder and business objectives by providing a fixed remuneration component and where appropriate offering specific short and long-term incentives based on key performance areas affecting the economic entity's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors and Executives to govern and manage the economic entity, as well as to create goal congruence between Directors, Executives and Shareholders.

EVZ LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

Executive Remuneration

The Board's policy for determining the nature and amount of remuneration for key senior Executives for the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for Executive officers, was developed by the Remuneration Committee and approved by the Board after seeking professional advice where appropriate from independent external consultants.
- All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and where appropriate performance incentives.

The Remuneration Committee reviews Executive remuneration packages annually with reference to the economic entity's performance, each Executive's performance and comparable information from industry sectors and listed companies in similar industries. The performance of each Executive is measured against criteria agreed with each Executive and is based predominantly on forecast growth of the economic entity's profits and shareholders' value. Bonuses and incentives will be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The Remuneration Committee set certain key performance indicators for the key Executives in the Group. The key performance indicators were both quantitative and qualitative measures. Certain Executives met some of these key performance indicators and the Remuneration Committee approved short term incentive payments totaling \$41,750 (2013: \$Nil).

Long term incentives, linked with performance rights issued under the EVZ Directors' and Employees' Benefits Plan, were not met during the year and no performance rights, options or shares were issued.

Executives receive a superannuation guarantee contribution as required by the Government and do not receive any other retirement benefits. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to Executives is valued at the cost to the Company and expensed.

Director Remuneration

The Board's policy is to remunerate Non-Executive Directors at appropriate market rates. The Remuneration Committee recommends the fee structure for Non-Executive Directors which will be determined by reference to market practice, duties performed, time, commitment and accountability. Director fees are reviewed annually by the Remuneration Committee.

The Remuneration Committee may seek independent advice in determining appropriate fee structures for Directors.

The maximum aggregate amount of fees payable to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may be able to participate in any employee share/option plan introduced.

All remuneration paid to Directors is valued at the cost to the Company and expensed.

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DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

Shares and Options Issued as part of Remuneration

Shareholders had previously approved the EVZ Directors' and Employees' Benefits Plan (the "Plan") which allows employees, Directors and others ("Eligible Persons") to be granted shares, options and performance rights in the Company. The object of this Plan is to help the Company recruit, reward, retain and motivate its employees and Directors.

Such shares, options and performance rights would be offered only to those Eligible Persons entitled to receive an invitation. Those Eligible Persons would be:

- a Director or Secretary of a Group Company;
 - an employee in permanent full-time or permanent part-time employment of a Group Company; or
 - a contractor to a Group Company
- who is selected by the Board to participate in the Plan.

Invitations to Eligible Persons will be made by the Board and may be made subject to such conditions and rules as the Board determines, including:

- In the case of Options, the exercise period, the exercise price and the exercise conditions.
- In the case of Shares, the issue price payable on acceptance of the application by the Company and issue of the shares and any other specific terms and conditions of issue.
- In the case of Performance Rights, the performance criteria and the performance period in which those performance criteria must be satisfied.

The issue of any securities (including options or performance rights) issued to any Director or their associates will still require shareholder approval under ASX Listing Rule 10.14.

The maximum number of shares issued pursuant to the Plan would be not more than 5% of the equity interests in the Company.

There were no share-based payments in the year ended 30 June 2014.

Performance Based Remuneration

During the year to 30 June 2014, performance based remuneration paid/payable totaled \$41,750. These short term performance based payments were based on achieving certain key performance indicators which were both quantitative and qualitative measures. There was no share based remuneration.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and Executives.

Details of Remuneration for the Year ended 30 June 2014

The remuneration for each Director and each of Key Management Personnel of the economic entity during the year was as follows:

<u>Directors</u>	Short-term Employee Benefits		Post-Employment Benefits	Total
	Salary	Fees	Superannuation Contributions	
2014	\$	\$	\$	\$
M Findlay	-	120,000	-	120,000

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DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

	Short-term Employee Benefits		Post-Employment Benefits	Total
	Salary	Fees	Superannuation Contributions	
G Burns	-	45,000	-	45,000
R Edgley	-	45,000	-	45,000
R Murphy	-	45,000	-	45,000
	-	255,000	-	255,000
2013				
M Findlay	-	120,000	-	120,000
G Burns	-	45,000	-	45,000
R Edgley	-	45,000	-	45,000
R Murphy (appointed 28/9/12)	-	33,750	-	33,750
P Jones (resigned 28/8/12)	-	7,500	-	7,500
	-	251,250	-	251,250

Key Management Personnel of the Economic Entity

	Short Term Employee Benefits			Post- Employment Benefits	Total
	Salary	Profit Share & Bonus	Non Cash Benefits	Super- annuation Contributions	
2014	\$	\$	\$	\$	\$
S Farthing (Chief Executive Officer)	358,530	33,750	2,998	17,775	413,053
I Wallace (Chief Financial Officer & Company Secretary)	234,000	-	1,793	25,000	260,793
A Bellgrove (General Manager, Syfon Systems Group)	273,041	8,000	-	15,775	296,816
C Bishop (General Manager, Brockman Engineering Pty Ltd – appointed 1/7/13)	255,782	-	-	24,519	280,301
A Green (General Manager, TSF Engineering Group)	244,802	-	-	22,841	267,643
C Flanagan (Manager, TSF Maintenance Pty Ltd – resigned 1/5/14)	159,717	-	-	14,148	173,865
	1,525,872	41,750	4,791	120,058	1,692,471

EVZ LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

2013	Short Term Employee Benefits			Post-Employment Benefits		Total
	Salary	Profit Share & Bonus	Non Cash Benefits	Super-annuation Contributions	Termination Benefits	
	\$	\$	\$	\$	\$	\$
S Farthing (Chief Executive Officer – appointed 24/9/12)	275,792	32,000	859	12,669	-	321,320
I Wallace (Chief Financial Officer & Company Secretary)	218,946	-	12,147	25,000	-	256,093
A Bellgrove (General Manager, Syfon Systems Group)	266,643	-	22,782	15,775	-	305,200
M Goddard (General Manager, Brockman Engineering Pty Ltd)	251,178	-	13,204	20,518	-	284,900
A Green (General Manager, TSF Engineering Group)	239,942	-	-	21,365	-	261,307
C Flanagan (Manager, TSF Maintenance Pty Ltd)	180,435	-	-	16,200	-	196,635
	1,432,936	32,000	48,992	111,527	-	1,625,455

From 1 July 2013, Mr Goddard ceased being a Key Management Personnel.

During the 2013 financial year, Ms Murphy acted as interim Chief Executive Officer (1 July 2012 to 24 September 2012). Ms Murphy was engaged on a contract basis through 333 Management Pty Ltd. Fees paid to 333 Management Pty Ltd relating to Ms Murphy's engagement as interim Chief Executive Officer were \$77,172. Further fees of \$150,000 were paid/payable to 333 Consulting Management Pty Ltd for other consulting services.

Remuneration and other terms of employment for key Executives are formalised in employment service agreements. Each of these agreements may provide for the provision of other benefits including car allowances. These agreements have no fixed term. There are no other standard termination provisions excluding notice periods. Notice periods are generally between three and six months.

Signed in accordance with a resolution of the Board of Directors.



.....
Director – M Findlay

Signed at Melbourne this 30th day of September 2014.

EVZ LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

Introduction

The board of EVZ Limited is committed to protecting shareholders' interests and ensuring investors are fully informed about the performance of the company's business. The directors have undertaken to perform their duties with honesty, integrity, care and diligence, according to the law and in a manner that reflects the highest standards of corporate governance.

The directors have established the processes to protect the interests and assets of shareholders and to ensure the highest standard of integrity and corporate governance of the company.

The Australian Securities Exchange Corporate Governance Council sets out best practice recommendations including corporate governance practices and suggested disclosures. ASX Listing Rules require companies to disclose the extent to which they have complied with the ASX recommendations and to give reasons for not following them.

Unless otherwise indicated, the best practice recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures, have been adopted by the company for the year ended 30 June 2014 as relevant to the size and complexity of the company and its operations. The board has adopted a formal board charter, audit committee charter, remuneration committee charter, nomination committee charter, external communications policy, continuous disclosure policy, securities trading policy and code of conduct for Directors and Officers.

PRINCIPLE 1: LAY A SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The EVZ Limited board charter sets out the function and responsibilities of the board. The directors of the company are accountable to shareholders for the proper management of business and affairs of the company.

The key responsibilities of the board are to:

- establish, monitor and modify the corporate strategies of the company;
- ensure proper corporate governance;
- monitor and evaluate the performance of management of the company;
- ensure that appropriate risk management systems, internal control and reporting systems and compliance frameworks are in place and are operating effectively;
- assess the necessary and desirable competencies of board members, review board succession plans, evaluate its own performance and consider the appointment and removal of directors;
- consider executive remuneration and incentive policies, the company's recruitment, retention and termination policies and procedures for senior management and the remuneration framework for non-executive directors;
- monitor financial performance;
- approve decisions concerning the capital, including capital restructures, and dividend policy of the company; and
- comply with the reporting and other requirements of the law.

The board delegates responsibility for day-to-day management of the company to the chief executive officer (CEO), subject to certain financial limits. The CEO must consult the board on matters that are sensitive, extraordinary, of a strategic nature or matters outside the permitted financial limits.

EVZ LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives

The company has a duly appointed remuneration committee. The committee operates pursuant to the remuneration committee charter.

The primary responsibilities of the remuneration committee are:

- Establish appropriate remuneration policies for directors, the CEO and other senior executives which are effective in attracting and/or retaining the best directors and executives to monitor and manage EVZ Limited, whilst ensuring goal congruence between shareholders, directors and executives.
- Ensuring appropriate disclosure of remuneration in line with the Corporations Act, ASX Listing Rules and Corporate Governance guidelines.

All senior executives were reviewed during the financial year in accordance with the general process of review. In addition, pursuant to the board charter, the board conducted an annual review of itself during the financial year, taking into account developments, trends and standards set in the external market place.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: A majority of the Board should be independent directors

During the financial year, the board comprised of four directors, all of whom, including the chairman, are non-executive and independent directors. Profiles of the directors are set out in this annual report. All directors are subject to retirement by rotation in accordance with the Company's constitution but may stand for re-election by the shareholders.

The composition of the board is determined by the board and, where appropriate, external advice is sought. The board has adopted the following principles and guidelines in determining the composition of the board:

To be independent, a director ought to be non-executive and:

- not a current executive of the company;
- ideally not held an executive position in the company in the previous three years;
- not a nominee or associate of a shareholder holding more than 10% of the company's shares;
- not significantly involved in the value chain of the organisation, either upstream or downstream; and
- not a current advisor to the company receiving fees or some other benefit, except for approved director's fees.

Recommendation 2.2: The chair should be an independent director

The chairman, Max Findlay, is an independent director. He is responsible for the leadership of the board and he has no other positions that hinder the effective performance of this role.

Recommendation 2.3: The roles of chair and CEO should not be exercised by the same individual

The role of chairman is held by Max Findlay whilst the role of CEO is held by Scott Farthing.

EVZ LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

Recommendation 2.4: The board should establish a nomination committee

The company has a duly appointed nomination committee. The committee operates pursuant to a nomination committee charter. The charter sets out the responsibilities of the committee including reviewing board succession plans to ensure an appropriate balance of skills and expertise, developing policies and procedures for the appointments of directors and identifying directors with appropriate qualifications to fill board committee vacancies. The term of non-executive directorships is set out in the company's constitution.

Given the size of the board, the board has determined it appropriate for the nomination committee to consist of the full board of directors.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors

The board and its committees undertook self-assessment in accordance with their relevant charters during the financial year. Max Findlay conducts annual one-on-one personal performance discussions with each of the individual directors.

The board was provided with all company information it needed in order to effectively discharge its responsibilities and were entitled to, and did, request additional information when considered necessary or desirable.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code to guide the directors, CEO, the chief financial officer (CFO) and other key executives in responsible decision-making

The company has developed codes of conduct to guide all of the company's employees, particularly directors, the CEO, the CFO and other senior executives, in respect of ethical behaviour. These codes are designed to maintain confidence in the company's integrity and the responsibility and accountability of all individuals within the company for reporting unlawful and unethical practices. These codes of conduct embrace such areas as:

- conflicts of interest
- corporate opportunities
- confidentiality
- fair dealing and trade practices
- protection of assets
- compliance with laws, regulations and industry codes
- 'whistle-blowing'
- security trading
- commitment to and recognition of the legitimate interests of stakeholders

Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy

Directors and Officers are encouraged to be long-term holders of the company's shares. For Directors and Officers, the company has adopted a formal securities trading policy. Directors and Officers may not deal in any of the company's securities at any time if they have inside information. A director or officer may not trade in securities during black-out periods as determined by the board of directors. These periods generally relate to periods prior to the release to the ASX of the half-

EVZ LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

yearly and annual results or where the directors are aware of any price sensitive information. A director or officer may trade in securities at other times only if they are personally satisfied that they are not in possession of inside information.

Directors and Officers must immediately advise the company secretary in writing of the details of completed transactions. Such notification is necessary whether or not prior authority has been required. The secretary must maintain a register of securities transactions. The company must comply with its obligations to notify the ASX in writing of any changes in the holdings of securities or interest in securities by directors.

PRINCIPLE 4: SAFEGUARD THE INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The board should establish an audit committee

The board-appointed audit committee operates in accordance with the audit committee charter. The details of the committee meetings held during the year and attendance at those meetings are detailed in the directors' meeting schedule in the directors' report.

Recommendation 4.2: The audit committee should be structured so that it consists only of non-executive directors, consists of a majority of independent directors, is chaired by an independent chair, who is not chair of the board, and has at least three members

The composition of the company's audit committee was consistent in all aspects relating to recommendation 4.1. The audit committee consists of:

- Raelene Murphy (Chairperson)
- Max Findlay
- Robert Edgley

Each of the members of the committee is an independent, non-executive director and the chairman of the committee is not the chairman of the board. The CEO and the CFO/Company Secretary may attend the meetings at the invitation of the committee.

All members of the committee are financially literate (i.e. they are able to read and understand financial statements) and have an understanding of the industry in which the company operates.

The audit committee provides an independent review of:

- financial information produced by the company;
- the accounting policies adopted by the company;
- the effectiveness of the accounting and internal control systems and management reporting which are designed to safeguard company assets;
- the quality of the external audit functions;
- external auditor's performance and independence as well as considering such matters as replacing the external auditor where and when necessary; and
- identifying risk areas.

Recommendation 4.3: The audit committee should have a formal charter

A formal audit committee charter has been adopted by the board. This charter sets out the roles, responsibilities, composition, structure and membership requirements of the audit committee.

EVZ LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies

The board recognises that the company, as an entity listed on the ASX, has an obligation to make timely and balanced disclosure in accordance with the requirements of the Australian Securities Exchange Listing Rules and the Corporations Act 2001. The board also is of the view that an appropriately informed shareholder base and market is essential to an efficient market for the company's securities. The board is committed to ensuring that shareholders and the market have timely and balanced disclosure of matters concerning the company. In demonstration of this commitment, the company has adopted a formal external communications policy including a continuous disclosure policy.

In order to ensure the company meets its obligations of timely disclosure of such information, the company has adopted the following policies:

- immediate notification to the ASX of information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's securities as prescribed under listing rule 3.1, except where such information is not required to be disclosed in accordance with the exception provisions of the listing rules;
- the company has a website where all relevant information disclosed to the ASX will be promptly placed on the website following receipt of confirmation from the ASX and, where it is deemed desirable, released to the wider media; and
- the company will not respond to market rumours or speculation, except where required to do so under the listing rules.

Based on information provided to the company secretary by directors, officers and employees, the company secretary is responsible for determining which information is to be disclosed and for the overall administration of this policy.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy

The board recognises that shareholders are the beneficial owners of the company and respects their rights and is continually seeking ways to assist shareholders in the exercise of those rights. The board also recognises that as owners of the company the shareholders may best contribute to the company's growth, value and prosperity if they are appropriately informed. To this end the board seeks to empower shareholders by:

- communicating effectively with shareholders;
- enabling shareholders to have access to balanced and understandable information about the company and its operations; and
- promoting shareholder participation in general meetings.

All shareholders are entitled to receive a copy of the company's annual report. In addition, the company's website will provide opportunities to shareholders to access company announcements, media releases and financial reports.

EVZ LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

The board is committed to assisting shareholders' participation in meetings and has adopted the following measures:

- adoption of the ASX Corporate Governance Council's recommendation and guidelines as published in the Council's *Principles of Good Governance and Best Practice Recommendations* in respect of notices of meetings; and
- ensuring that a representative of the company's external auditor, subject to availability, is present at all annual general meetings and that shareholders have adequate opportunity to ask questions of the auditor at that meeting concerning the audit and preparation and content of the auditor's report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

The board has overall responsibility to all stakeholders for the identification, assessment, management and monitoring of the risks faced by the company. The company currently has informal policies and procedures for risk management but the audit committee seeks to ensure compliance with regulatory requirements. The operational risks are managed at the senior management level and escalated to the board for direction where the issue is exceptional, non-recurring or may impose a material financial or operational burden on the company. The relatively small size of the company means that communication and decision-making is predominantly centralised allowing early identification of risks by senior management. It also allows senior management to respond to each risk as appropriate without the need for a written risk management policy.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks

Given the relatively small and centralised management team, the nature of the business of the company and that a majority of independent directors sit on the audit committee, the board is continuously kept informed of the effectiveness of the company's internal control systems.

The board continues to formalise risk management policies. In addition, the CEO and CFO have informed the board that the integrity of the financial statements is founded on a system of risk management and internal control which supports the policies adopted by the board and that the company's risk management and internal control system is operating effectively in all material respects to manage the company's material business risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The board should establish a remuneration committee

The company has a duly appointed remuneration committee. The committee operates pursuant to the remuneration committee charter.

The remuneration committee consists of:

- Graham Burns (Chairman)
- Max Findlay
- Rob Edgley

EVZ LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

The primary responsibilities of the remuneration committee are:

- Establish appropriate remuneration policies for directors, the CEO and other senior executives which are effective in attracting and/or retaining the best directors and executives to monitor and manage EVZ Limited, whilst ensuring goal congruence between shareholders, directors and executives.
- Ensuring appropriate disclosure of remuneration in line with the Corporations Act, ASX Listing Rules and Corporate Governance guidelines.

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives

Non-executive directors are remunerated by way of fees. They may receive options (subject to shareholder approval) but there is no scheme for retirement benefits, other than statutory superannuation. Executives are paid a salary and may be provided, under the Directors' and Employees' Benefits Plan, with shares, performance rights and/or options and bonuses as part of their remuneration and incentive package.

There are no executive directors.

DIVERSITY POLICY

The Group's ultimate success is under-pinned by its employees. To maximise success, the Group encourages a diverse population of employees within its operations.

Diversity is defined to include race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, skill levels, family status, religious, political and other beliefs and work styles. The Group recognises that differences in ideas, backgrounds, patterns of thinking and approaches to work can generate value for the Group's stakeholders: its customers, shareholders, personnel and the communities in which it operates. It is the Group's policy to promote these differences within a productive, inclusive and performance-based environment in which everybody feels valued, where their skills are fully utilised, their performance is recognised, professional accountability is expected and organisational goals are met.

The Group's approach to diversity is based on the following objectives:

- retain, promote and hire the best people possible, focusing on actual and potential contribution in terms of performance, competence, collaboration and professional accountability;
- foster an inclusive culture and ensure that current and future employee opportunities are based on competence and performance, irrespective of race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, family status, religious, political and other beliefs and work styles. This includes being intolerant of behaviour that denigrates or otherwise diminishes such attributes or that discriminates on the basis of such attributes;
- create and manage appropriate human resource processes which take a unified and talent-based approach to recruitment, training and development, performance management, retention and succession planning;
- provide a fair level of reward in order to attract and retain high calibre people – and build a culture of achievement by providing a transparent link between reward and performance; and
- be compliant with all mandatory diversity reporting requirements.

The Group's Measurable Objective and Current Gender Profile:

The Group's measurable objective for increasing gender diversity is to increase the representation of women at all levels of its organisation over time. The Group's progress towards achieving that objective, along with the proportion of women employees within the Group, women in senior executive positions and women non-executive directors, is set out in the table below:

EVZ LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

DIVERSITY POLICY (Continued)

Measure	2014		2013	
	No.	%	No.	%
Women employees	17	5	16	6
Women senior executives *	0	0	0	0
Women non-executive directors	1	25	1	25

* This includes both employees and specific contractors engaged by the Group.

EVZ LIMITED

AUDITOR'S INDEPENDENCE DECLARATION



Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of EVZ Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- 1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- 2) Any applicable code of professional conduct in relation to the audit.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

G. Robertson

**GORDON ROBERTSON
PARTNER**

**Melbourne, Victoria
Dated 30 September 2014**

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EVZ LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Economic Entity	
		2014 \$	2013 \$
Revenue		64,433,155	57,202,336
Cost of sales		(53,051,154)	(45,067,324)
Gross profit		11,382,001	12,135,012
Other income	2(a)	109,397	90,981
Administration and business development costs		(11,434,477)	(9,020,818)
Corporate costs		(1,439,895)	(1,233,751)
Impairment of other assets		(373,712)	-
Impairment of plant and equipment		(343,409)	-
Impairment of intangibles		(3,913,481)	-
Profit/(Loss) before finance costs and income tax		(6,013,576)	1,971,424
Net finance costs	2(c)	(1,099,611)	(1,229,749)
Profit /(Loss) before income tax from continuing operations		(7,113,187)	741,675
Income tax (expense)/benefit	3	901,692	148,093
Profit/(Loss) for year attributed to members		(6,211,495)	889,768
		Cents per share	Cents per share
Overall operations			
Basic earnings per share	17	(2.98)	0.43
Diluted earnings per share	17	(2.98)	0.43
Continuing operations			
Basic earnings per share	17	(2.98)	0.43
Diluted earnings per share	17	(2.98)	0.43

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

EVZ LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Economic Entity 2014 \$	2013 \$
Profit/(Loss) for the year		(6,211,495)	889,768
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	16(b)	(64,987)	135,026
Non-controlling interest		-	72,419
Total comprehensive income/(loss) for the year attributable to owners of the company		(6,276,482)	1,097,213

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EVZ LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	Economic Entity	
		2014	2013
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	22	2,047,109	2,607,853
Trade and other receivables	4	16,373,386	15,424,497
Inventories	5	1,983,863	1,703,463
Financial assets	6	9,947	82,851
TOTAL CURRENT ASSETS		20,414,305	19,818,664
NON-CURRENT ASSETS			
Trade and other receivables	4	525,189	387,796
Plant and equipment	7	4,648,282	5,586,374
Deferred tax assets	8	4,313,415	3,404,715
Intangible assets	9	16,075,809	19,989,290
Financial assets	6	52,091	27,604
TOTAL NON-CURRENT ASSETS		25,614,786	29,395,779
TOTAL ASSETS		46,029,091	49,214,443
CURRENT LIABILITIES			
Trade and other payables	10	13,817,399	10,106,056
Tax liabilities	8	750	29,391
Short-term borrowings	11	3,666,849	11,758,306
Provisions	13	2,380,563	2,162,396
TOTAL CURRENT LIABILITIES		19,865,561	24,056,149
NON-CURRENT LIABILITIES			
Long-term borrowings	12	7,455,614	176,188
Deferred tax liabilities	8	47,219	49,588
Provisions	13	60,595	55,934
TOTAL NON-CURRENT LIABILITIES		7,563,428	281,710
TOTAL LIABILITIES		27,428,989	24,337,859
NET ASSETS		18,600,102	24,876,584
EQUITY			
Issued capital	14	46,055,159	46,055,159
Reserves	16	(105,920)	(40,933)
Accumulated losses	16	(27,349,137)	(21,137,642)
TOTAL EQUITY		18,600,102	24,876,584

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

EVZ LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

ECONOMIC ENTITY

	Issued Capital	Accumulated Losses	Capital Reserves	Foreign Currency Translation Reserve	Sub-Total	Non- Controlling Interests	Total
30 June 2014	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	46,055,159	(21,137,642)	-	(40,933)	24,876,584	-	24,876,584
Total comprehensive loss for year							
Loss for year	-	(6,211,495)	-	-	(6,211,495)	-	(6,211,495)
Foreign currency translation reserve	-	-	-	(64,987)	(64,987)	-	(64,987)
Total comprehensive loss for year	-	(6,211,495)	-	(64,987)	(6,276,482)	-	(6,276,482)
Transactions with owners, recorded directly in equity							
Shares Issued	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Balance at 30 June 2014	46,055,159	(27,349,137)	-	(105,920)	18,600,102	-	18,600,102
30 June 2013							
Balance at 1 July 2012	46,023,159	(22,226,110)	198,700	(175,959)	23,819,790	(72,419)	23,747,371
Total comprehensive loss for year							
Profit for year	-	889,768	-	-	889,768	-	889,768
Transfer from capital reserve	-	198,700	(198,700)	-	-	-	-
Foreign currency translation reserve	-	-	-	135,026	135,026	-	135,026
Non-controlling interest	-	-	-	-	-	72,419	72,419
Total comprehensive loss for year	-	1,088,468	(198,700)	135,026	1,024,794	72,419	1,097,213
Transactions with owners, recorded directly in equity							
Shares Issued	32,000	-	-	-	32,000	-	32,000
Dividends	-	-	-	-	-	-	-
Balance at 30 June 2013	46,055,159	(21,137,642)	-	(40,933)	24,876,584	-	24,876,584

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

EVZ LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Economic Entity	
		2014	2013
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		69,219,847	58,409,897
Payments to suppliers and employees (inclusive of GST)		(67,610,243)	(56,906,095)
Income tax paid		(28,641)	(33,813)
Interest received		7,345	68,726
Finance costs		(1,106,956)	(1,298,475)
NET CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES	22(ii)	481,352	240,240
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		327,754	24,800
Purchase of plant and equipment		(557,819)	(749,994)
Proceeds from disposal of controlled entity		-	196,075
NET CASH FLOWS (USED) BY INVESTING ACTIVITIES		(230,065)	(529,119)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		(1,000,000)	(1,000,000)
Proceeds from lease financing		110,929	148,637
Payments for lease financing		(82,553)	(146,195)
NET CASH FLOWS PROVIDED/(USED) BY FINANCING ACTIVITIES		(971,624)	(997,558)
NET DECREASE IN CASH HELD		(720,337)	(1,286,437)
Cash at beginning of financial year		192,758	1,479,195
CASH AT END OF FINANCIAL YEAR	22(i)	(527,579)	192,758

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of EVZ Limited and controlled entities ('Economic Entity' or 'Group').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity EVZ Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in Note 29 to the financial statements. All controlled entities have a June financial year-end. All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer to Note 1(i)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Principles of Consolidation (Continued)

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit or loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant tax authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period where the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income Tax (Continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

EVZ Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated Group under the tax consolidation regime. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and credits which are immediately assumed by EVZ Limited. The current tax liability of each Group entity is then subsequently assumed by EVZ Limited. The Group notified the Australian Taxation Office that it had formed an income tax consolidated Group to apply from 7 June 2004. The tax consolidated Group has entered a tax sharing arrangement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated Group.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

The carrying amount of inventories is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

(d) Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full. Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

(e) Plant and Equipment

Each class of plant and equipment is carried at cost less where applicable, any accumulated depreciation and impairment losses.

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Plant and Equipment (Continued)

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets and capitalised lease assets, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
• Plant and equipment	5 to 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Financial Assets

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(h) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

It has been determined that the balances of the goodwill have an indefinite life. The excess of the fair value of net assets over the purchase price of the businesses acquired has been allocated to goodwill rather than be allocated to other intangible assets. The acquisition of the businesses that generate the goodwill was determined on the abilities of the entities, as a whole, to generate future profits and hence other intangibles have not been recognised.

Goodwill is allocated to cash-generating units which are based on the Group's individual companies. All businesses operate in the engineering services industry sector.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on the acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(j) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the income statement.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the income statement in the period in which the operation is disposed.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Defined Contribution Plans

Contributions to defined superannuation plans are expensed when incurred.

The Group operates an equity-settled share-based payment employee share scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense with a corresponding increase to an equity account. The shares issued under the employee share scheme vest immediately.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(n) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Contract revenue is recognised in accordance with Note 1(d).

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the cash generating unit is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Refer Note 9 for key estimates used in the assessment of Goodwill. Following the impairment assessment, the carrying value of Goodwill was impaired by \$3,913,481.

At 30 June 2014, receivables from continuing operations were impaired by \$189,005.

An impairment of \$343,409 was recognised in respect of plant and equipment in the year ended 30 June 2014.

An impairment of \$373,712 was recognised in respect of other assets in the year ended 30 June 2014.

Recognition of Deferred Tax Assets

The Group has recognised deferred tax assets in relation to Provisions (\$891,679), Other (\$60,571) and Un-recouped tax losses (\$3,361,165).

The realisation of these deferred tax assets is dependent upon generating sufficient taxable profit in the coming year.

The Group has projected its profits over the next five years and believes that future taxable profit will be available against which the benefits of the deferred tax assets can be utilised.

Construction Contracts and Work-in-Progress

Construction profits are recognised on the stage-of-completion basis and measured by comparing construction contract costs incurred to date against expected final costs of the construction contract.

Expected final costs are estimated following an assessment of each contract and a determination of expected costs still to be incurred.

Whilst expected final costs can vary, the Group believes that the expected final costs in its various construction contracts are appropriate at 30 June 2014.

(s) **Going Concern**

The financial report for the year ended 30 June 2014 has been prepared on a going concern basis, which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business.

Both the Group and our financier, the Commonwealth Bank of Australia, desire to pursue a structured debt reduction. To achieve this, the Commonwealth Bank of Australia has extended the Group's facilities to 1 October 2015.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EVZ is currently determining the optimum strategy for a structured debt reduction which may include a change to the capital structure and/or the orderly divestment of some of the Group's operations and assets.

Based on the extension of the facility to 1 October 2015 and the matters outlined above, the Directors are of the view that it is appropriate that the financial report of EVZ Limited and its controlled entities as at 30 June 2014 are prepared on a going concern basis.

(t) New and Amended Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. There has been no financial impact on their adoption. Refer to Note 33 for new, revised or amending Accounting Standards or Interpretations that are not yet mandatory and have not been early adopted.

The financial report was authorised for issue on 30 September 2014 by the Board of Directors.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

		Economic Entity	
		2014	2013
		\$	\$
2. PROFIT/(LOSS) FROM CONTINUING OPERATIONS			
(a) OTHER INCOME			
Sundry income		109,397	90,981
		109,397	90,981
(b) EXPENSES			
Movement in employee benefits		222,828	138,083
Bad debts		91,495	14,516
Impairment – receivables		189,005	(190,704)
Total employee costs		29,575,151	28,637,645
Defined contribution superannuation expense		2,163,004	2,025,322
Foreign exchange losses		(36,130)	27,725
Losses on sale of plant and equipment		2,144	28,653
Operating lease payments		1,020,594	849,031
Depreciation of plant and equipment		807,481	746,783
Impairment – other assets		373,712	-
Impairment – plant and equipment		343,409	-
Impairment – goodwill		3,913,481	-
(c) NET FINANCE COSTS			
Finance costs – other persons		1,106,956	1,298,475
Interest income – other persons		(7,345)	(68,726)
		1,099,611	1,229,749
3. INCOME TAX			
(a)	The prima facie tax on profit/(loss) before income tax from continuing operations is reconciled to income tax as follows:		
Profit/(Loss) before Income Tax		(7,113,187)	741,675
Income tax calculated at 30% (2013: 30%)		(2,133,956)	222,503
Tax effect of permanent differences		1,209,051	(445,338)
Under provision/(over provision) in prior years		16,205	5,277
Taxation expense - offshore subsidiary		7,008	69,465
Income tax expense/(benefit)		(901,692)	(148,093)
<i>The applicable weighted average effective tax rates are as follows:</i>		-	-
(b)	The components of tax expense comprise:		
Current tax		(687,434)	(148,977)
Deferred tax		(230,463)	(4,393)
Under provision/(over provision) in prior years		16,205	5,277
		(901,692)	(148,093)

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity	
	2014	2013
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	10,280,936	12,604,515
Provision for impairment	(273,309)	(84,304)
	<u>10,007,627</u>	<u>12,520,211</u>
Amounts due from customers for construction contracts (refer Note 31)	2,359,617	1,871,742
Retention receivables	437,064	331,773
	<u>12,804,308</u>	<u>14,723,726</u>
Other debtors and prepayments	3,569,078	700,771
	<u>16,373,386</u>	<u>15,424,497</u>
Non-Current		
Retention receivables	525,189	387,796
	<u>525,189</u>	<u>387,796</u>

All trade and other receivables are classified as financial assets (refer Note 27).

Market practices provide for the retention of monies from progress and final billings on certain construction contracts. The monies are received after a contracted period of time has elapsed following completion of the construction.

Current trade receivables are non-interest bearing and generally on 30 days terms. Non-current trade receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

There are no other balances other than those impaired within trade and other receivables that contain assets that are impaired. It is expected these balances will be received when due. Impaired assets are provided for in full.

Credit Risk – Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or Group of counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has credit risk exposures in Australia and Asia given the substantial operations in those regions. The Group's exposure to credit risk for receivables at reporting date in those regions is as follows:

	Economic Entity	
	2014	2013
	\$	\$
Australia	14,100,962	13,943,795
Asia	2,797,613	1,868,498
	<u>16,898,575</u>	<u>15,812,293</u>

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

4. TRADE & OTHER RECEIVABLES (continued)

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

Economic Entity	<u>Gross Amount</u>	<u>Past Due not Impaired (Days Overdue)</u>				<u>Within Trading Terms</u>
		<u>Past Due & Impaired</u>	<u><30 Days</u>	<u>31-60 Days</u>	<u>>61 Days</u>	
	\$	\$	\$	\$	\$	\$
2014						
Trade & term receivables	13,602,806	273,309	2,248,772	938,730	1,521,496	8,620,499
Other receivables	3,569,078	-	-	-	-	3,569,078
	<u>17,171,884</u>	<u>273,309</u>	<u>2,248,772</u>	<u>938,730</u>	<u>1,521,496</u>	<u>12,189,577</u>
2013						
Trade & term receivables	15,195,826	84,304	1,923,611	404,602	1,512,154	11,271,155
Other receivables	700,771	-	-	-	-	700,771
	<u>15,896,597</u>	<u>84,304</u>	<u>1,923,611</u>	<u>404,602</u>	<u>1,512,154</u>	<u>11,971,926</u>

The economic entity holds no financial assets with terms that have been negotiated, but which would otherwise be past due or impaired.

Trade and other receivables pertaining to the Australian entities in the Group, as disclosed in Note 32, are provided as security against the Group's bank facilities. Also refer Notes 11 and 12.

Provision for Impairment of Receivables

	<u>Economic Entity</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Opening balance	84,304	275,008
Charge for year	189,005	(190,704)
Closing balance	<u>273,309</u>	<u>84,304</u>

5. INVENTORIES

Current

Raw materials and stores – at cost	1,983,863	1,703,463
	<u>1,983,863</u>	<u>1,703,463</u>

Inventories pertaining to the Australian entities in the Group, as disclosed in Note 32, are provided as security against the Group's bank facilities. Also refer Notes 11 and 12.

6. FINANCIAL ASSETS

Current assets

Funds on deposit	9,947	82,851
	<u>9,947</u>	<u>82,851</u>

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity	
	2014	2013
	\$	\$
6. FINANCIAL ASSETS (continued)		
Non-current assets		
Funds on deposit	52,091	27,604
	52,091	27,604

Funds on deposit represent security deposits covering a guarantee for property lease obligations and contract performance bonds.

7. PLANT AND EQUIPMENT		
Plant and equipment		
At cost	9,752,888	9,984,690
Accumulated depreciation	(5,104,606)	(4,398,316)
	4,648,282	5,586,374
Movement in carrying amounts		
Carrying amount – opening balance	5,586,374	6,273,610
Additions	557,819	749,994
Disposals	(329,898)	(727,412)
Depreciation	(807,481)	(746,783)
Impairment of plant and equipment	(343,409)	-
Exchange rate adjustment	(15,123)	36,965
Carrying amount – closing balance	4,648,282	5,586,374

Plant and equipment pertaining to the Australian entities in the Group, as disclosed in Note 32, are provided as security against the Group's bank facilities. Also refer Notes 11 and 12.

8. TAX ASSETS		
NON-CURRENT		
Deferred tax assets	4,313,415	3,404,715
Deferred tax assets comprise:		
Provisions	891,679	670,918
Other	60,571	50,868
Un-recouped tax losses	3,361,165	2,682,929
	4,313,415	3,404,715

The movement in deferred tax assets for each temporary difference during the year is as follows:

Provisions		
Opening balance	670,918	647,555
Credited/(expensed) to income account	220,761	23,363
	891,679	670,918
Other		
Opening balance	50,868	78,627
Credited/(expensed) to income account	9,703	(27,759)
	60,571	50,868

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity	
	2014	2013
	\$	\$
8. TAX ASSETS (Continued)		
Unrecouped tax losses		
Opening balance	2,682,929	2,460,975
Tax losses recognised/(recouped)	694,441	227,231
Prior year adjustment	(16,205)	(5,277)
	<u>3,361,165</u>	<u>2,682,929</u>
Closing balance	<u>4,313,415</u>	<u>3,404,715</u>
The carrying value of deferred tax assets of \$4,313,415 (2013: \$3,404,715) of which \$3,361,165 (2013: \$2,682,929) is supported by taxable income projections over the next five years.		
TAX LIABILITIES		
CURRENT		
Income tax	<u>750</u>	<u>29,391</u>
NON-CURRENT		
Provision for deferred tax	<u>47,219</u>	<u>49,588</u>
Opening balance	49,588	19,838
Additional provisions raised during year	(119)	27,250
Exchange rate movement	(2,250)	2,500
Closing balance	<u>47,219</u>	<u>49,588</u>
9. INTANGIBLE ASSETS		
Goodwill on consolidation – at cost	3,282,532	3,282,532
Less accumulated impairment	-	-
	<u>3,282,532</u>	<u>3,282,532</u>
Goodwill on acquisition – at cost	24,606,758	24,606,758
Less accumulated impairment	(11,813,481)	(7,900,000)
	<u>12,793,277</u>	<u>16,706,758</u>
	<u>16,075,809</u>	<u>19,989,290</u>
<u>Movements in carrying amounts</u>		
Goodwill on consolidation		
Opening balance	3,282,532	3,282,532
Movement in the year	-	-
Closing balance	<u>3,282,532</u>	<u>3,282,532</u>

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity	
	2014	2013
	\$	\$
9. INTANGIBLE ASSETS (Continued)		
Goodwill on acquisition		
Opening balance	16,706,758	16,706,758
Movement in year:		
Impairment – TSF Engineering	(3,913,481)	-
Closing balance	12,793,277	16,706,758
It has been determined that the balances of the goodwill have an indefinite life. The excess of the fair value of net assets over the purchase price of the businesses acquired has been allocated to goodwill rather than be allocated to other intangible assets. The acquisition of the businesses that generate the goodwill was determined on the abilities of the entities, as a whole, to generate future profits and hence other intangibles have not been recognised.		
Goodwill is allocated to cash-generating units which are based on the Group's individual companies. All businesses operate in the engineering services industry sector.		
Water Group – Syfon Systems	3,282,532	3,282,532
Engineering Group – Brockman Engineering	8,789,478	8,789,478
Energy Group - TSF Engineering	15,817,280	15,817,280
Impairment – TSF Engineering	(11,813,481)	(7,900,000)
	16,075,809	19,989,290

The current uncertainty which persists with respect to the Government's position on energy and its pricing has significantly delayed the roll out of the Group's clean energy strategy. The clean energy solutions being offered by TSF have supportable benefits to prospective clients. However, there is a general reluctance to commit to invest in these solutions by the end users until the Federal Government establishes its energy and pricing position. As such TSF continues to face protracted lead times on clean energy opportunities.

Given these prevailing externally driven hurdles which the Group's clean energy strategy is facing, the Directors considered it prudent to impair at 30 June 2014 a number of assets being held in the TSF business. In particular, the carrying value of goodwill in TSF was reduced by \$3.9m. The Directors believe the carrying value of the TSF goodwill at 30 June 2014 is now appropriate given the delayed progress of its clean energy strategy.

Impairment Disclosures

The EVZ Group assesses at each annual reporting date the potential impairment to the carrying value of Goodwill of the relevant cash generating unit (CGU).

The recoverable amount of each CGU (Brockman Engineering, Syfon Systems and TSF Engineering) is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period adjusted for the estimated terminal value of the cash generating unit. The cash flows are discounted using a rate reflecting the Group's weighted average cost of capital plus an appropriate margin for risk factors at the beginning of the budget period. All discount rates are pre-tax.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

9. INTANGIBLE ASSETS (Continued)

Budgets use estimated weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the businesses operate. The following assumptions were used in the value-in-use calculations:

	2014		2013	
	Growth Rates	Discount Rates	Growth Rates	Discount Rates
Syfon Systems Group	5%	18%	5%	20%
Brockman Engineering Group	5%	18%	5%	20%
TSF Engineering Group	1 to 5%	18%	5%	20%

The Risk factor incorporated in the Discount rate is consistent with the prior year.

The growth rates used in the value-in-use calculations are conservative rates reflecting the minimum expected growth in each of the relevant CGUs. These rates are based on forward work-in-hand levels, weighted project prospects and/or historical growth rates achieved. In addition, each CGU is in a niche market which has limited competitive influence.

Sensitivity Analysis

In performing impairment testing on the carrying values of goodwill, certain discount rates and growth rates have been assumed as part of the value-in-use calculations.

The following table illustrates sensitivities to changes in those discount rates and growth rates. The discount and growth rates used in the sensitivity analysis are:

	Growth Rates	Discount Rates
Syfon Systems Group	3%	25%
Brockman Engineering Group	3%	25%
TSF Engineering Group	1 to 3%	25%

Impairment to Carrying Value of Goodwill

Syfon Systems Group	-
Brockman Engineering Group	3,751,732
TSF Engineering Group	1,759,233

10. TRADE AND OTHER PAYABLES

	Economic Entity	
	2014	2013
	\$	\$
Current – unsecured		
Trade payables	10,139,039	5,220,074
Sundry payables and accrued expense	3,678,360	4,885,982
	13,817,399	10,106,056

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity	
	2014	2013
	\$	\$
11. BORROWINGS – SHORT TERM		
Bank loans – secured	1,000,000	9,250,000
Bank overdraft - secured	2,574,688	2,415,095
Lease liabilities (Note 24) – secured	92,161	93,211
	3,666,849	11,758,306

Bank Loans - Secured

Bank loans are in the form of Commercial Bank Bill facilities. The maturity schedule for the Commercial Bank Bill facilities is as follows:

Current	1,000,000	9,250,000
1 to 2 years	7,250,000	-
2 to 3 years	-	-
Total Bank Loans	8,250,000	9,250,000

The interest rates on outstanding Commercial Bank Bills totalling \$1,500,000 have been fixed as follows:

Commercial Bank Bills		Interest Rates	
2014	2013	2014	2013
\$	\$		
-	4,250,000	-	4.55%
1,500,000	2,500,000	3.63%	3.63%
1,500,000	6,750,000		

The interest rates on Commercial Bank Bills totalling \$6,750,000 are variable at balance date. These bills are based on 30 day rollover terms with the interest rates locked in for the 30 day term.

The Commonwealth Bank accepted covenant breaches at 30 June 2014 and extended its facilities to the Group to 1 October 2015. During this time, the Group will continue to pursue various strategies to reduce its current debt.

The current bank covenants are as follows:

- Current ratio 1.25 times
- Interest cover ratio 3.00 times

The facilities have been extended on the same terms, conditions and principal reduction requirements as existed for the matured facility.

Bank loans are secured by a registered equitable mortgage over the assets and undertakings of EVZ Limited and an unlimited guarantee from EVZ Limited's Australian controlled entities: Syfon Systems Pty Ltd, Brockman Engineering Pty Ltd, NuSource Water Pty Ltd, A.C.N. 124919508 Pty Ltd, TSF Engineering Pty Ltd and TSF Maintenance Services Pty Ltd. Also refer to Note 32 for quantification of assets secured by Australian entities.

At 30 June 2014 the economic entity has \$Nil in undrawn commercial bill facilities (2013: Nil).

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity	
	2014	2013
	\$	\$
12. BORROWINGS - LONG-TERM		
Bank loans – secured	7,250,000	-
Lease liabilities (Note 24) – secured	205,614	176,188
	7,455,614	176,188

Also refer to Note 11 for further information on bank loans.

13. PROVISIONS

Current

Employee benefits	2,380,563	2,162,396
	2,380,563	2,162,396

Movement in employee benefits:

Opening employee balance	2,162,396	1,912,385
Provisions created/(utilised) during year	218,167	250,011

Closing balance

	2,380,563	2,162,396
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Non-current

Employee benefits	60,595	55,934
	60,595	55,934

Movement in employee benefits:

Opening employee balance	55,934	167,862
Provisions created/(utilised) during year	4,661	(111,928)

Closing balance

	60,595	55,934
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A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measure and recognition criteria relating to employee benefits are disclosed in Note 1(k).

14. ISSUED CAPITAL

Issued and paid up

208,439,414 ordinary shares

(2013: 208,439,414 ordinary shares) – refer Note 14(a)

46,055,159	46,055,159
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46,055,159	46,055,159
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(a) Issued and fully paid up ordinary shares

Opening balance

46,055,159	46,023,159
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Issue

-	32,000
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Closing balance

46,055,159	46,055,159
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EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

14. ISSUED CAPITAL (Continued)

	2014 No.	2013 No.
Opening balance	208,439,414	207,939,414
Issue	-	500,000
Closing balance	208,439,414	208,439,414

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares have no par value.

(b) Share options

There are no share options on issue at 30 June 2014 (2013: Nil).

(c) Capital management:

Management controls the capital of the economic entity in order to maintain a good debt to equity ratio, provide shareholders with adequate returns and ensure the economic entity can fund its operations and continue as a going concern. The economic entity's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements. Management effectively manages the economic entity's capital by assessing the economic entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The economic entity's gearing ratio is represented as net debt as a percentage of total capital and is determined as follows:

- Net debt is total borrowings less cash and cash equivalents.
- Total capital is total equity and net debt.

As at 30 June 2014 the economic entity's gearing ratio was 33% (2013: 27%).

15. DIVIDENDS

Interim fully franked ordinary dividend	-	-
Final fully franked ordinary dividend	-	-
	-	-
Balance of franking account	1,813,797	1,847,610

16. RESERVES AND ACCUMULATED LOSSES

(a) Accumulated Losses

Accumulated losses at the beginning of the financial year	(21,137,642)	(22,226,110)
Transfer from capital reserves	-	198,700
Net profit/(loss) attributable to members of the parent entity	(6,211,495)	889,768
Accumulated losses at the end of the financial year	(27,349,137)	(21,137,642)

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

		Economic Entity	
		2014	2013
		\$	\$
16. RESERVES AND ACCUMULATED LOSSES (Continued)			
(b) Reserves			
Capital Reserve			
Reserve at beginning of year	-	198,700	
Movement for year	-	(198,700)	
Reserves at end of year	-	-	
Foreign Currency Translation Reserve			
Reserve at beginning of year	(40,933)	(175,959)	
Movement for year	(64,987)	135,026	
Reserve at end of year	(105,920)	(40,933)	
	(105,920)	(40,933)	

Capital reserves representing capital profits were transferred to accumulated losses in the prior year.

		Economic Entity	
		2014	2013
		No.	No.
17. EARNINGS PER SHARE			
(a) Weighted average number of ordinary shares outstanding during the year used in calculation of Basic Earnings per Share		208,439,414	208,125,715
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of Diluted Earnings per Share		208,439,414	208,125,715

18. KEY MANAGEMENT PERSONNEL

Names and positions of Directors and Key Management Personnel in office at any time during the financial year are:

Mr M Findlay	Non-Executive Chairman
Mr G Burns	Non-Executive Director
Mr R Edgley	Non-Executive Director
Ms R Murphy	Non-Executive Director
Mr S Farthing	Chief Executive Officer
Mr I Wallace	Chief Financial Officer and Company Secretary
Mr A Bellgrove	General Manager of Syfon Systems Group
Mr C Bishop (appointed 1/7/13)	General Manager of Brockman Engineering
Mr A Green	General Manager of TSF Engineering Group
Mr C Flanagan (resigned 1/5/14)	Manager of TSF Maintenance Services

Remuneration of Key Management Personnel is:

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

18. KEY MANAGEMENT PERSONNEL (Continued)

	2014 \$	2013 \$
• Short term employee benefits	1,827,413	1,765,178
• Post-employment benefits	120,058	111,527
• Consulting fees	-	77,172
	1,947,471	1,953,877

Refer to disclosures in Note 20 for other transactions with directors and Key Management Personnel.

The number of ordinary shares held by each Key Management Personnel of the Group during the financial year is as follows:

30 June 2014	Balance at beginning of year	Granted as remuneration	Other changes	Balance at end of year
M Findlay	1,644,500	-	-	1,644,500
G Burns	8,999,021	-	1,000,979	10,000,000
R Edgley	2,800,000	-	941,232	3,741,232
Ms R Murphy	42,500	-	-	42,500
S Farthing	1,000,000	-	-	1,000,000
I Wallace	75,008	-	-	75,008
C Bishop	-	-	-	-
M Goddard	421,949	-	(421,949)	-
A Bellgrove	4,401,949	-	-	4,401,949
A Green	132,000	-	-	132,000
C Flanagan (resigned 1/5/14)	6,500	-	(6,500)	-
	19,523,427	-	1,513,762	21,037,189

From 1 July 2013, Mr Goddard ceased being a Key Management Personnel.

30 June 2013				
M Findlay	1,345,000	-	299,500	1,644,500
G Burns	8,546,389	-	452,632	8,999,021
R Edgley	975,000	-	1,825,000	2,800,000
Ms R Murphy (appointed 28/9/12)	-	-	42,500	42,500
P Jones (resigned 28/8/12)	8,000,000	-	(8,000,000)	-
S Farthing	-	500,000	500,000	1,000,000
I Wallace	75,008	-	-	75,008
M Goddard	421,949	-	-	421,949
A Bellgrove	4,401,949	-	-	4,401,949
A Green	54,000	-	78,000	132,000
C Flanagan	-	-	6,500	6,500
	23,819,295	500,000	(4,795,868)	19,523,427

In the 2013 financial year, Ms Murphy acted as interim Chief Executive Officer to 24 September 2012. Ms Murphy was engaged on a contract basis through 333 Management Pty Ltd. Fees paid to 333 Management Pty Ltd relating to Ms Murphy's engagement as interim Chief Executive Officer were \$77,172. Further fees totalling \$150,000 were also paid to 333 Management Consulting Services Pty Ltd for other services.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

18. KEY MANAGEMENT PERSONNEL (Continued)

There are no share options issued at 30 June 2014 (2013: Nil).

Remuneration Policy

The remuneration policy of EVZ Limited has been designed to align Director and Executive remuneration with shareholder and business objectives by providing a fixed remuneration component and where appropriate offering specific short and long-term incentives based on key performance areas affecting the economic entity's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors and Executives to govern and manage the economic entity, as well as to create goal congruence between Directors, Executives and Shareholders.

Executive Remuneration

The Board's policy for determining the nature and amount of remuneration for key senior Executives for the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for Executive officers, was developed by the Remuneration Committee and approved by the Board after seeking professional advice where appropriate from independent external consultants.
- All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and where appropriate performance incentives.

The Remuneration Committee reviews Executive remuneration packages annually with reference to the economic entity's performance, each Executive's performance and comparable information from industry sectors and listed companies in similar industries. The performance of each Executive is measured against criteria agreed with each Executive and is based predominantly on forecast growth of the economic entity's profits and shareholders' value. Bonuses and incentives will be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The Remuneration Committee set certain key performance indicators for the key Executives in the Group. The key performance indicators were both quantitative and qualitative measures. Certain Executives met some of these key performance indicators and the Remuneration Committee approved short term incentive payments totaling \$41,750 (2013: \$Nil).

Long term incentives, linked with performance rights issued under the EVZ Directors' and Employees' Benefits Plan, were not met during the year and no performance rights, options or shares were issued.

Executives receive a superannuation guarantee contribution as required by the Government and do not receive any other retirement benefits. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to Executives is valued at the cost to the Company and expensed.

Director Remuneration

The Board's policy is to remunerate Non-Executive Directors at appropriate market rates. The Remuneration Committee recommends the fee structure for Non-Executive Directors which will be determined by reference to market practice, duties performed, time, commitment and accountability. Director fees are reviewed annually by the Remuneration Committee.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

18. KEY MANAGEMENT PERSONNEL (Continued)

The Remuneration Committee may seek independent advice in determining appropriate fee structures for Directors.

The maximum aggregate amount of fees payable to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may be able to participate in any employee share/option plan introduced.

All remuneration paid to Directors is valued at the cost to the Company and expensed.

19. AUDITORS' REMUNERATION

	Economic Entity	
	2014	2013
	\$	\$
Remuneration paid/payable to auditors for:		
- audit or review of financial report	100,426	74,635
- taxation services	-	-
	100,426	74,635

20. RELATED PARTY DISCLOSURES

(a) The Directors of EVZ Limited during the financial year were:

Mr M Findlay
Mr G Burns
Mr R Edgley
Ms R Murphy

(b) Transactions with Director related entities

- Consulting fees of \$100,000 (2013: \$100,000) were paid and \$65,000 (2013: \$45,000) is payable to M Findlay.
- Consulting fees of \$45,000 (2013: \$45,000) were paid and \$11,250 (2013: \$11,250) is payable to G Burns.
- Consulting fees of \$41,250 (2013: \$45,000) were paid and \$7,500 (2013: \$3,750) is payable to R Edgley.
- Consulting fees of \$11,250 (2013: \$22,500) were paid and \$45,000 (2013: \$11,250) is payable to R Murphy.

21. SEGMENT REPORTING

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

21 SEGMENT REPORTING (Continued)

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or services;
- the distribution method; and
- any external regulatory requirements

Types of products and services by segment

i. Engineering

The engineering segment designs, manufactures and installs large steel tanks, silos, cooling towers, pipe spooling, pressure vessels and fabricates structural steel. All products produced are aggregated as one reportable segment as the products are similar in nature, manufactured and distributed to similar types of customers and subject to a similar regulatory environment.

The engineering segment is also involved in the installation process and provides ongoing support and maintenance for its products. Support is provided to existing customers for maintenance required for products under warranty.

ii. Energy

The energy segment designs and installs constant load power stations, back-up power generation equipment and sustainable/clean energy solutions. In addition, the segment services, maintains and hires all types of generators and associated equipment.

iii. Water

The water segment designs syfonic roof drainage systems for large and/or complex roof structures, supplies and installs fibreglass panel tanks and prefabricated hydraulic systems.

Basis of accounting for purposes of reporting by operating segments

i. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

ii. Inter-segment transactions

Inter-segment sales are based on values that would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

21 SEGMENT REPORTING (Continued)

iii. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

iv. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

v. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Current tax liabilities
- Other financial liabilities
- Discontinuing operations

Segment Reporting – Continuing Operations

	Engineering	Energy	Water	Corporate	Total
30 June 2014	\$	\$	\$	\$	\$
REVENUE					
External sales	19,376,766	23,413,989	21,642,400	-	64,433,155
Inter-segment sales	1,675,373	-	-	-	1,675,373
Total segment revenue	21,052,139	23,413,989	21,642,400	-	66,108,528

Reconciliation of segment revenue to Group revenue

Inter-segment elimination	(1,675,373)
Total Group revenue	64,433,155

Included in segment net profit before interest and tax

Depreciation	392,363	172,109	233,078	9,931	807,481
Impairment					
• Receivables	1,791	-	187,214	-	189,005
• Plant and equipment	-	343,409	-	-	343,409
• Other assets	-	373,712	-	-	373,712
• Goodwill	-	3,913,481	-	-	3,913,481

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

21. SEGMENT REPORTING (Continued)

30 June 2014	Engineering	Energy	Water	Corporate	Total
	\$	\$	\$	\$	\$
Segment net profit/(loss) before interest and tax	(1,701,533)	(4,282,061)	1,847,515	(1,439,895)	(5,575,974)

*Reconciliation of segment result to
Group net profit before tax*

Unallocated items

• Net finance costs					(1,099,611)
• Other costs					(437,602)
Net loss before tax from continuing operations					(7,113,187)

30 July 2013

REVENUE

External sales	26,633,305	13,375,459	17,193,572	-	57,202,336
Inter-segment sales	-	-	-	-	-
Total segment revenue	26,633,305	13,375,459	17,193,572	-	57,202,336

*Reconciliation of segment revenue
to Group revenue*

Inter-segment elimination

Total Group revenue					57,202,336
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*Included in segment net profit
before interest and tax*

Depreciation	426,680	125,159	187,906	7,038	746,783
Impairments					
• Receivables	(59,937)	-	(130,767)	-	(190,704)

Segment net profit/(loss) before interest and tax	1,918,559	(224,231)	1,472,506	(1,195,410)	1,971,424
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*Reconciliation of segment result to
Group net profit before tax*

Unallocated items

• Net finance costs					(1,229,749)
Net profit before tax from continuing operations					741,675

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

21 SEGMENT REPORTING (Continued)

Secondary Reporting

30 June 2014	Engineering	Energy	Water	Corporate	Total
	\$	\$	\$	\$	\$
ASSETS					
Segment assets	18,683,863	9,048,242	16,089,982	29,598,347	73,420,434

*Reconciliation of segment assets to
Group assets*

Inter-segment eliminations					(27,391,343)
Total Group assets					46,029,091

*Segment asset increases for the
period*

Capital expenditure	106,813	53,669	397,337	-	557,819
	106,813	53,669	397,337	-	557,819

LIABILITIES

Segment liabilities	23,593,839	19,312,407	6,518,311	9,596,550	59,021,107
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*Reconciliation of segment liabilities
to Group liabilities*

Inter-segment eliminations					(31,592,118)
Total Group liabilities					27,428,989

30 June 2013

Segment assets	21,268,725	13,497,438	11,752,186	31,289,712	77,808,061
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*Reconciliation of segment assets to
Group assets*

Inter-segment eliminations					(28,593,618)
Total Group assets					49,214,443

*Segment asset increases for the
period*

Capital expenditure	119,516	256,505	351,125	22,848	749,994
	119,516	256,505	351,125	22,848	749,994

LIABILITIES

Segment liabilities	24,992,766	18,864,376	3,836,241	9,408,959	57,102,342
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*Reconciliation of segment liabilities
to Group liabilities*

Inter-segment eliminations					(32,764,483)
Total Group liabilities					24,337,859

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

21. SEGMENT REPORTING (Continued)

REVENUE BY GEOGRAPHICAL REGION

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

	Economic Entity	
	2014	2013
	\$	\$
Australia	60,613,175	52,846,013
Asia	3,819,980	4,356,323
Total revenue	64,433,155	57,202,336

ASSETS BY GEOGRAPHICAL REGION

The location of segment assets by geographical location of the assets is disclosed below:

Australia	40,942,022	45,409,095
Asia	5,087,069	3,805,348
Total assets	46,029,091	49,214,443

MAJOR CUSTOMERS

The Group has a number of customers to whom it provides products and services. In the current year, the Group has a single customer in the Energy segment who accounts for 77% (2013: 27%) of external revenue. There are no other significant client accounts.

22. STATEMENT OF CASH FLOWS

(i) Cash balances comprise:

Cash on hand	2,047,109	2,607,853
Bank overdraft	(2,574,688)	(2,415,095)
Closing cash balance	(527,579)	192,758

(ii) Reconciliation of the operating profit/(loss) after tax to net cash flows from operations:

Operating profit/(loss) after tax	(6,211,495)	889,768
Gain/loss on sale of plant and equipment	2,144	28,653
Employee share issue	-	32,000
Gain on disposal of controlled entity	-	(72,419)
Depreciation - plant & equipment	807,481	746,783
Foreign currency translation	(49,864)	98,061
Impairment - receivables	189,005	(190,704)
Impairment - plant and equipment	343,409	-
Impairment - other assets	373,712	-
Impairment - goodwill	3,913,481	-
Changes in assets and liabilities adjusted for effects of acquisition/disposal of operations during financial year		
Increase/(Decrease) in provisions for employee entitlements	222,828	138,083
(Increase)/Decrease in inventories	(280,400)	188,569

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

22. STATEMENT OF CASH FLOWS (Continued)

	Economic Entity	
	2014	2013
	\$	\$
(Increase)/Decrease in trade and other receivables	(1,600,582)	(4,073,443)
(Increase)/Decrease in deferred tax assets	(908,700)	(217,558)
Increase/(Decrease) in payables	3,711,343	2,613,306
Increase/(Decrease) in tax liabilities	(31,010)	59,141
Net cash provided/(used) by operating activities	481,352	240,240

23. STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Controlled entities in the economic entity have Contingent Liability Bank Guarantee facilities totalling \$7,730,332 available to them as at 30 June 2014 (2013: \$7,493,305). Of this total facility, \$5,498,920 has been utilised and \$2,231,412 (2013: \$2,900,874) remains unused and available for the controlled entities use as at 30 June 2014. The facilities are secured by a registered equitable mortgage over the assets and undertakings of all Australian companies in the economic entity.

Controlled entities in the economic entity have Bank Overdraft facilities totaling \$2,629,668 available to them as at 30 June 2014 (2013: \$2,956,695). Of the total available facilities, \$54,980 (2013: \$541,600) remains unused and available for use. The facilities are secured by registered equitable mortgages over the assets and undertakings of all Australian companies in the economic entity.

24. LEASE COMMITMENTS

Leases are payable as follows:

Not later than 12 months	108,949	104,374
Later than 12 months but not later than 2 years	91,162	65,190
Later than 2 years but not later than 5 years	131,136	119,992
Later than 5 years	4,974	10,398
	336,221	299,954
Future lease finance charges	(38,446)	(30,555)
	297,775	269,399
Lease liabilities recognised in the statement of financial position:		
Current	92,161	93,211
Non-current	205,614	176,188
Total lease liability	297,775	269,399

The weighted average interest rate implicit in these leases is 5.82% pa (2013: 4.95% pa). Leases pertain to various plant, equipment and motor vehicles and are secured against the asset to which they relate.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

		Economic Entity	
		2014	2013
		\$	\$
25. OPERATING LEASE COMMITMENTS			
Property			
Not later than 12 months		764,636	805,772
Between 12 months but not later than 5 years		874,550	1,183,876
		<u>1,639,186</u>	<u>1,989,648</u>
Plant and equipment			
Not later than 12 months		77,436	76,344
Between 12 months but not later than 5 years		137,847	99,936
		<u>215,283</u>	<u>176,280</u>
Total commitments not recognised in the financial statements		<u>1,854,469</u>	<u>2,165,928</u>

Property leases and plant and equipment leases are non-cancellable with a maximum five year term, with rent payable in advance. Property leases have contingent rental provisions within the lease agreement which require the minimum lease payments to be increased by at least the CPI per annum. Options exist to renew certain leases at the end of their lease term. With the approval of the lessors the property leases may be extended for further terms.

26. CONTINGENT LIABILITIES

Apart from drawn bank guarantee facilities (refer Note 23), there were no contingent liabilities as at 30 June 2014 (2013: Nil).

27. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bank bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

(i) Treasury Risk Management

The Board of Directors is responsible for monitoring treasury risk. Currency and interest rate exposures are reviewed regularly to ensure any risk associated with these exposures is minimized.

(ii) Financial Risks

The main risks the economic entity is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

- *Interest rate risk*

The majority of the economic entity's borrowings take the form of bank accepted bills of exchange. Fixed interest bank loans account for 18% (2013: 73%) of the total bank loans currently outstanding.

- *Foreign currency risk*

The economic entity is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the economic entity's measurement currency. The economic entity monitors its foreign exchange exposure on a regular basis.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

27. FINANCIAL INSTRUMENTS (Continued)

- *Liquidity risk*
The economic entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.
- *Credit risk*
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The economic entity does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the economic entity.

(a) Interest Rate Risk Exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the economic entity intends to hold fixed rate, assets and liabilities to maturity.

		<u>Fixed Interest</u>				
	Floating interest rate \$	1 year or less \$	1-5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
2014						
Financial Assets						
Cash & cash equivalents	-	-	-	-	2,047,109	2,047,109
Trade & other receivables	-	-	-	-	16,898,575	16,898,575
Financial assets	-	-	-	-	62,038	62,038
	-	-	-	-	19,007,722	19,007,722
Weighted average interest rate	-	-	-	-	-	-
Financial Liabilities						
Trade & other payables	-	-	-	-	13,817,399	13,817,399
Borrowings	2,574,688	8,250,000	-	-	-	10,824,688
Lease liabilities	-	92,161	201,082	4,532	-	297,775
	2,574,688	8,342,161	201,082	4,532	13,817,399	24,939,862
Weighted average interest rate	12.48%	6.7%	6.75%	5.82%	-	-
Net financial assets (liabilities)	(2,574,688)	(8,342,161)	(201,082)	(4,532)	5,190,323	(5,932,140)
2013						
Financial Assets						
Cash & cash equivalents	-	-	-	-	2,607,853	2,607,853
Trade & other receivables	-	-	-	-	15,812,293	15,812,293
Financial assets	-	-	-	-	110,455	110,455
	-	-	-	-	18,530,601	18,530,601
Weighted average interest rate	-	-	-	-	-	-

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

27. FINANCIAL INSTRUMENTS (Continued)

2013	Floating interest rate \$	1 year or less \$	Fixed Interest		Non- interest bearing \$	Total \$
			1-5 years \$	More than 5 years \$		
Financial Liabilities						
Trade & other payables	-	-	-	-	10,106,056	10,106,056
Borrowings	2,415,095	9,250,000	-	-	-	11,665,095
Lease liabilities	-	93,211	166,910	9,278	-	269,399
	2,415,095	9,343,211	166,910	9,278	10,106,056	22,040,550
Weighted average interest rate	10.23%	7.71%	4.95%	4.95%	-	-
Net financial assets (liabilities)	(2,415,095)	(9,343,211)	(166,910)	(9,278)	8,424,545	(3,509,949)

	Economic Entity	
	2014 \$	2013 \$
Reconciliation of Net Financials Assets/(Liabilities) to Net Assets		
Net financial assets/(liabilities)	(5,932,140)	(3,509,949)
Add/(subtract) non-financial assets and liabilities:		
Inventories	1,983,863	1,703,463
Plant and equipment	4,648,282	5,586,374
Intangible assets	16,075,809	19,989,290
Deferred tax assets	4,313,415	3,404,715
Provisions	(2,489,127)	(2,297,309)
Net Assets	18,600,102	24,876,584

(b) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the economic entity approximate their carrying value.

(c) Liquidity Risk

Refer to Note 27(a) for a maturity analysis of financial assets and liabilities. All floating interest rate balances and all non-interest bearing balances are current and due within 12 months.

(d) Sensitivity Analysis

The interest rate on Commercial Bank Bills totalling \$1,500,000 (2013: \$6,750,000) has been fixed. The Group believes it has minimal exposure to interest rate risk for the remainder of the facility term given the current economic stability in interest rates.

(e) Foreign Currency Risk

Refer Note 21 for a breakdown of revenue and assets by geographic location. Whilst the economic entity monitors its foreign exchange risk, it does not believe there is any material risk associated with its foreign exchange exposure.

(f) Price Risk

The economic entity believes it has minimal exposure to price risk as costs of major materials and components are set at the time of project tender.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

28. SHARE BASED PAYMENTS

There were no share-based payments in the year ended 30 June 2014 (2013: \$32,000).

29. INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holdings		Cost of Parent Entity's Investment	
			2014	2013	2014	2013
					\$	\$
Syfon Systems Pty Ltd	Australia	Ordinary	100%	100%	3,700,650	3,700,650
Syfon Systems Sdn Bhd	Malaysia	Ordinary	100%	100%	34,504	34,504
Brockman Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
NuSource Water Pty Ltd	Australia	Ordinary	100%	100%	-	-
Danum Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
A.C.N. 124919508 Pty Ltd	Australia	Ordinary	100%	100%	-	-
TSF Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
Syfon Systems Pte Ltd	Singapore	Ordinary	100%	100%	-	-
EVZ Engineering Pty Ltd	Australia	Ordinary	100%	100%	-	-
EVZ Energy Pty Ltd	Australia	Ordinary	100%	100%	-	-
					3,735,154	3,735,154

EVZ Engineering Pty Ltd, EVZ Energy Pty Ltd and NuSource Water Pty Ltd did not trade during the year.

30. SUBSEQUENT EVENTS

There have not been any matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years after this financial year.

31. CONSTRUCTION CONTRACTS

	Economic Entity	
	2014	2013
	\$	\$
Aggregate amount of contract revenue recognised during the financial year	52,186,677	43,989,108
Aggregate of contract costs incurred and profits recognised (including losses recognised) to date on contracts in progress	74,356,908	41,424,827
Progress billings	71,717,282	39,553,085
Receipts in advance	280,009	-
Amounts due from customers for contract work in progress	2,359,617	1,871,742
Total receivable from customers for contract work in progress as included in Note 4	7,795,685	10,588,615
Retention receivables as included in Note 4	962,253	719,569

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

32 DEED OF CROSS GUARANTEE

During the financial year, a deed of cross guarantee between EVZ Ltd (Parent Entity) and TSF Engineering Pty Ltd, TSF Maintenance Services Pty Ltd, Brockman Engineering Pty Ltd, Danum Engineering Pty Ltd, A.C.N. 124919508 Pty Ltd, Syfon Systems Pty Ltd, NuSource Water Pty Ltd, EVZ Energy Pty Ltd and EVZ Engineering Pty Ltd (Group Entities) existed and relief is obtained from preparing financial statements for those Group Entities under ASIC Class Order 98/1418. Under the deed, EVZ Ltd and the Group Entities jointly guarantee to support the liabilities and obligations of the Group Entities. EVZ Ltd and the Group Entities are the only parties to the Deeds of Cross Guarantee and form the Closed Group. The following are the aggregate totals, for each category, relieved under the deed:

		Closed Group & Parties to Deed of Cross Guarantee	
		2014	2013
		\$	\$
Financial information in relation to:			
(i)	Statement of Profit or Loss and Other Comprehensive Income		
	Profit/(Loss) before income tax	(7,212,102)	486,063
	Income tax (expense)/benefit	908,700	217,558
	Profit/(Loss) after income tax	(6,303,402)	703,621
	Profit/(Loss) attributable to members of the parent entity	(6,303,402)	703,621
(ii)	Retained Earnings		
	Retained losses at the beginning of the year	(22,314,376)	(23,216,697)
	Profit/(Loss) after income tax	(6,303,402)	703,621
	Transfer from capital profits reserve	-	198,700
	Retained losses at the end of the year	(28,617,778)	(22,314,376)
(iii)	Statement of Financial Position		
	CURRENT ASSETS		
	Cash and cash equivalents	1,939,540	2,391,685
	Trade and other receivables	14,037,368	13,943,390
	Inventories	1,553,249	1,402,085
	TOTAL CURRENT ASSETS	17,530,157	17,737,160
	NON-CURRENT ASSETS		
	Property, plant and equipment	4,344,691	5,253,187
	Deferred tax asset	4,313,415	3,404,715
	Other receivables	1,140,837	1,278,416
	Financial assets	23,449	97,952
	Intangible assets	16,246,094	20,159,575
	TOTAL NON-CURRENT ASSETS	26,068,486	30,193,845
	TOTAL ASSETS	43,598,643	47,931,005
	CURRENT LIABILITIES		
	Trade and other payables	15,039,710	12,284,002
	Short-term borrowings	3,646,538	11,737,464
	TOTAL CURRENT LIABILITIES	18,686,248	24,021,466

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

32 DEED OF CROSS GUARANTEE (Continued)

	Closed Group & Parties to Deed of Cross Guarantee	
	2014	2013
	\$	\$
NON-CURRENT LIABILITIES		
Long-term borrowings	7,414,419	112,822
Long-term provisions and other payables	60,595	55,934
TOTAL NON-CURRENT LIABILITIES	7,475,014	168,756
TOTAL LIABILITIES	26,161,262	24,190,222
NET ASSETS	17,437,381	23,740,783
<hr/>		
EQUITY		
Issued capital	46,055,159	46,055,159
Retained losses	(28,617,778)	(22,314,376)
	17,437,381	23,740,783

33. NEW AND AMENDED ACCOUNTING STANDARDS

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations is disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

- AASB 10 Consolidated Financial Statements**
 The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.
- AASB 11 Joint Arrangements**
 The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets, are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

33. NEW AND AMENDED ACCOUNTING STANDARDS (Continued)

- *AASB 12 Disclosure of Interests in Other Entities*
The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.
- *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*
The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.
- *AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.
- *AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

- *AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*
The consolidated entity has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

33. NEW AND AMENDED ACCOUNTING STANDARDS (Continued)

- *AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; Clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and Clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

- *AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments*

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

- *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual Key Management Personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

34. PARENT ENTITY DISCLOSURES

Information relating to the Parent Entity, EVZ Limited, is as follows:

	Parent Entity	
	2014	2013
	\$	\$
(i) Financial Position		
Assets		
Current assets	101,770	128,080
Non-current assets	19,315,799	23,261,632
Total assets	19,417,569	23,389,712
Liabilities		
Current liabilities	2,375,292	9,395,197
Non-current liabilities	7,250,000	13,762
Total liabilities	9,625,292	9,408,959

EVZ LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

34. PARENT ENTITY DISCLOSURES (Continued)

	Parent Entity	
	2014	2013
	\$	\$
Equity		
Issued capital	46,055,159	46,055,159
Accumulated losses	(36,262,882)	(32,074,406)
Reserves	-	-
Total equity	<u>9,792,277</u>	<u>13,980,753</u>
 (ii) Financial Performance		
Comprehensive income		
Profit/(Loss) for the year	(4,188,476)	(1,037,072)
Transfer from capital profits reserve	-	198,700
Total comprehensive income/(loss)	<u>(4,188,476)</u>	<u>(838,372)</u>

(iii) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

A deed of cross guarantee between EVZ Ltd (Parent Entity) and TSF Engineering Pty Ltd, TSF Maintenance Services Pty Ltd, Brockman Engineering Pty Ltd, Danum Engineering Pty Ltd, A.C.N. 124919508 Pty Ltd (formerly National Engineering Pty Ltd), Syfon Systems Pty Ltd, NuSource Water Pty Ltd, EVZ Energy Pty Ltd (previously Cellular Beams Pty Ltd) and EVZ Engineering Pty Ltd (Group Entities) is enacted and relief was obtained from preparing financial statements for those Group Entities under ASIC Class Order 98/1418. Under the deed, EVZ Ltd and the Group Entities jointly guarantee to support the liabilities and obligations of the Group Entities. EVZ Ltd and the Group Entities are the only parties to the Deeds of Cross Guarantee and form the Closed Group.

There are no contingent liabilities of the Parent Entity or commitments for the acquisition of property, plant and equipment by the Parent Entity.

35. COMPANY DETAILS

The registered office and principal place of business of

EVZ Limited is

15 Clifford Street, Huntingdale, 3166

Principal place of business of:

Syfon Systems Pty Ltd is

22 Hargreaves St, Huntingdale, 3166

Brockman Engineering Pty Ltd is

340 Forest Rd, Corio, 3214

TSF Engineering Pty Ltd is

Unit A, 31-33 Sirius Road, Lane Cove, 2066

TSF Maintenance Services Pty Ltd is

Unit A, 31-33 Sirius Road, Lane Cove, 2066

EVZ LIMITED

DIRECTORS' DECLARATION

The Directors of EVZ Limited declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;
- (c) in the Directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 32 to the financial statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

SIGNED in accordance with a resolution of the Board of Directors made pursuant to s.295(5) of the Corporations Act 2001.



.....
Director – M Findlay

Signed at Melbourne this 30th day of September 2014.

Independent Auditor's Report to the Members of EVZ Limited

Report on the financial report

We have audited the accompanying financial report of EVZ Limited ("Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of EVZ Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's opinion

In our opinion:

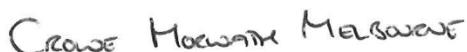
- a) the financial report of EVZ Limited is in accordance with the *Corporations Act 2001*, including:
 - I. giving a true and fair view of the consolidated entity's financial positions as at 30 June 2014 and of their performance for the year ended on that date; and
 - II. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 12 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of EVZ Limited for the year ended 30 June 2014 complies with s300A of the *Corporations Act 2001*.



CROWE HORWATH MELBOURNE



GORDON ROBERTSON
Partner

Melbourne, Victoria
Dated 30 September 2014

EVZ LIMITED

ADDITIONAL SHAREHOLDER INFORMATION AS AT 31 AUGUST 2014

1. Substantial Shareholders

UBS Nominees Pty Ltd

17,620,429 Ordinary Shares

2. Distribution of Shareholding Range of Holding

1	-	1,000
1,001	-	5,000
5,001	-	10,000
10,001	-	100,000
100,001	and over	

No. of Shareholders Ordinary Shares

284
774
264
583
200

2,105

Number of shareholders with less than a marketable parcel of \$500 at \$0.04/unit

1,394

3. Names of the 20 Largest Shareholders

	Shares held	% Holding
1. UBS Nominees Pty Ltd	17,620,429	8.45
2. Stuart Andrew Pty Ltd (Campaspe Family A/c)	8,700,000	4.17
3. Powis Superannuation Pty Ltd (Powis Super Fund A/c)	8,571,949	4.11
4. Smithley Super Pty Ltd (Smith Super Fund A/c)	7,000,000	3.36
5. Linwierik Super Pty Ltd (Linton Super Fund A/c)	5,855,181	2.81
6. Myall Resources Pty Ltd (Myall Group Super Fund A/c)	5,198,760	2.49
7. Airlie Beach Holdings Pty Limited (ABI Super Fund A/c)	5,000,000	2.40
8. Airlie Beach Holdings Pty Limited (Burns Family A/c)	5,000,000	2.40
9. Mr Keith Andrew Fagg & Mrs Heather Elizabeth Fagg (KA & HE Fagg S/Fund A/c)	4,828,001	2.32
10. CJ Arms Superannuation Fund Pty Ltd (CJ Arms Super Fund A/c)	4,570,178	2.19
11. Mr Adam Bernard Bellgrove (Ingodwi Family A/c)	4,400,000	2.11
12. Onmell Pty Ltd (ONM PBSF A/c)	3,612,581	1.73
13. Rangeworthy Pty Ltd (The Edgley Family A/c)	3,466,232	1.66
14. BT Portfolio Services Limited (Juchima Super Fund A/c)	3,285,654	1.58
15. TRB Management Pty Ltd (Bowden Super Fund A/c)	3,000,000	1.44
16. DIP Holdings Pty Ltd	2,600,000	1.25
17. NLA Investments Pty Ltd (N & L Allen Family A/c)	2,576,853	1.24
18. Suntaneous Pty Ltd (GB Clients Emp S/F A/c)	2,474,937	1.19
19. Mr Peter Howells	2,300,000	1.10
20. Mr James John Ischia & Mrs Kathlyn Dawn Ischia (Ischia Family Super Fund A/c)	2,260,000	1.08
	102,320,755	49.09

4. Voting Rights

A registered holder of shares in the Company may attend general meetings of the Company in person or by proxy and on a poll may exercise one vote for each share held. There are no voting rights attached to options for ordinary shares until the options have been exercised.

5. Unlisted Options

There are no unlisted options on issue.

EVZ LIMITED

ADDITIONAL SHAREHOLDER INFORMATION AS AT 31 AUGUST 2014 (Continued)

6. General

The name of the Company Secretary is Ian Wallace.

The address of the principal registered office is:
15 Clifford Street, Huntingdale, Victoria, 3166
Telephone Number: (03) 9545 5288
Facsimile Number: (03) 9558 9944
Email: corporate@evz.com.au

A register of securities is kept at:
Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford, Victoria, 3067.
Telephone Number: 1300 137 328

7. Stock Exchange Listing

The Company's ordinary securities are listed on the Australian Securities Exchange Limited.